

LF Ruffer Total Return Fund

Positive absolute returns with low volatility

Might discretion be the better part of valour? So far this year it seems not. Taking a cautious view on markets for the first five months of 2023 has proved a painful experience. The fund, with its focus on protection assets, is down by about 6% this year, giving back broadly what we made last year as markets tumbled.

Losing money for clients is always painful, but we have been here before. For more than a quarter of a century now, Ruffer has protected investors from every major market crisis. In order to achieve this, however, we have at times delivered dull or disappointing short-term performance. Losing money in 1999 in the tech bubble, flatlining in the easy markets of 2006-2007 and struggling in the run up to the covid crisis. Strikingly, each of our disappointing periods has come before a sharp decline in stock markets, as we focused portfolios more on protection than growth, albeit often seemingly too early. We have been willing to sit on the sidelines as we wait for the problems we have identified to manifest themselves, even if that means suffering the costs of holding protection with progressively less on the growth side of the ledger as an offset.

We are where we are for a reason. With a 5.25% risk free return available in US money market funds, cash has only been such an attractive alternative to equities twice this century: in 2000, during the tech bubble and in 2007, just before the financial crisis. Neither period ended well for investors, and we fear a similar outcome could be lying in wait for markets now. Even more worrying is what happened after these crises. In both 2000 and 2008 markets were immediately 'medicated' by dramatic interest rate cuts. Today, a similar rescue may be difficult. With inflation more persistent than promised, central bankers would have to choose between monetary stability (fighting inflation) or financial stability (supporting markets). Add into this worrying picture a TMT-like boom concentrated in just a few US stocks (year to date the unweighted S&P 500 is actually down in price terms).

All of this points to an emphasis on protection rather than growth, though as ever we aim for an appropriate balance of 'fear' and 'greed' so as to make time our friend. We are confident our protection assets will more than prove their worth and whilst timing is always difficult, we would always choose being too early over being too late. This year, however, it has more been our focus on commodities for our growth exposure that has failed to offset the costs of holding protection.

For us, this certainly looks like a situation where 'discretion' should still prove to be the better part of 'valour'. Taking a cautious view so far this year has been painful, but we think the evidence suggests caution may win out.

Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.

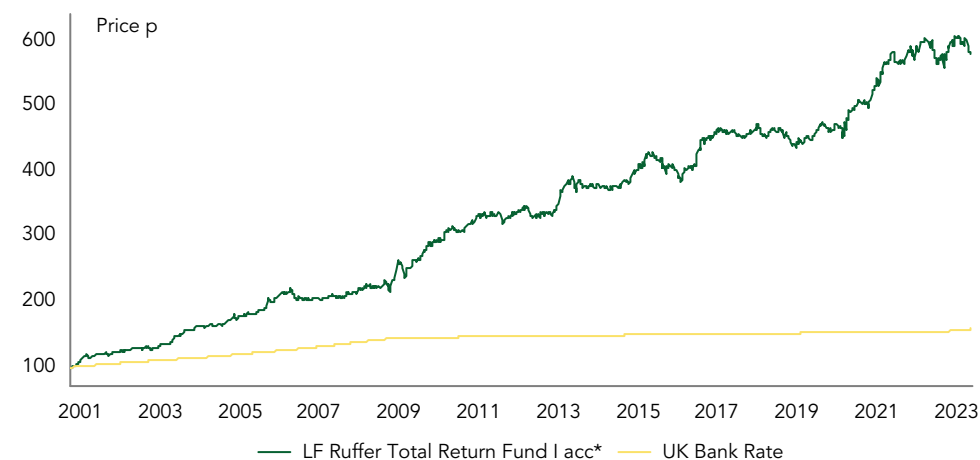


I class May 2023 Issue 245

Investment objective

To seek to achieve positive returns in all market conditions over any 12 month period, after all costs and charges have been taken. Underlying this objective is a fundamental philosophy of capital preservation. Capital invested is at risk and there is no guarantee that a positive return will be delivered over any twelve-month period.

Performance since fund launch on 29 September 2000



I accumulation shares	Performance %	Share price as at 31 May 2023	p
May 2023	-3.4	I accumulation	573.92
Year to date	-6.0	I income	353.06
1 year	-5.6	H accumulation	571.46
3 years	14.0	H income	352.54
5 years	22.1		
10 years	48.2		

12 month performance to March %	2019	2020	2021	2022	2023
LF Ruffer Total Return Fund I acc*	-0.6	4.2	20.5	6.3	-0.6
UK Bank Rate	0.7	0.7	0.1	0.2	2.3

Source: Ruffer LLP, Bloomberg. The comparator benchmark shown in this document is as stated in the fund's prospectus. * This share class has performance data calculated prior to the inception date, 3 Nov 2004. This is based upon a simulated/extended track record, using the track record of LF Ruffer Total Return Fund O acc.

LF Ruffer Total Return Fund as at 31 May 2023

Asset allocation



Asset allocation	%
Short-dated bonds	34.5
Non-UK index-linked	10.2
Cash	9.4
Index-linked gilts	8.6
Long-dated index-linked gilts	7.1
Gold exposure and gold equities	6.5
Protection strategies and options	-0.5
Commodity exposure	8.9
UK equities	5.1
Europe equities	3.5
North America equities	2.9
Asia ex-Japan equities	2.0
Japan equities	1.4
Other equities	0.3

Currency allocation	%
Sterling	63.7
Yen	17.8
US dollar	6.4
Australian dollar	6.3
Other	5.8

Currency allocation



10 largest equity holdings*

Stock	% of fund
iShares MSCI China A UCITS ETF	0.9
Alibaba Group ADR	0.5
BP	0.4
Bayer AG	0.4
Amazon	0.3
Mitsubishi Electric	0.3
Alibaba Group Holding	0.3
Cigna	0.3
Swire Pacific	0.3
Man Group	0.3

5 largest bond holdings

Stock	% of fund
US Treasury FRN 31 Jan 2025	7.3
US Treasury FRN 31 Jan 2024	5.1
Japanese govt bonds 0.005% 1 Jul 2024	5.1
Japanese govt bonds 0.005% 1 Apr 2024	5.1
Japanese govt bonds 0.005% 1 Jun 2024	5.1

*Excludes holdings in Ruffer funds

Source: Ruffer LLP.

Pie chart totals may not equal 100 due to rounding.

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The information contained in this document does not constitute investment advice and should not be used as the basis of any investment decision. References to specific securities are included for the purposes of illustration only and should not be construed as a recommendation to buy or sell these securities. Ruffer LLP has not considered the suitability of this fund against any specific investor's needs and/or risk tolerance. If you are in any doubt, please speak to your financial adviser.

The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

The fund's prospectus and key investor information documents are provided in English and available on request or from ruffer.co.uk. Please note that LF Ruffer Investment Funds is a UK UCITS. The LF Ruffer Total Return Fund is not registered for distribution in any country other than the UK. In line with the Prospectus, it is possible that at any one time the LF Ruffer Total Return Fund may invest more than 35% of its assets in transferable securities issued or guaranteed by an EEA state, one or more local authorities, a third country or a public international body to which one or more EEA States belong. The only aforementioned securities where Ruffer would currently consider holding more than 35% would be UK or US government issued transferable securities.

Fund size £3,146.5m

Fund information

	%
Ongoing Charges Figure	1.02
Annual management charge	1.00
Maximum initial charge	5.0
Yield	2.95
Minimum investment	£25m
Ex dividend dates	15 Mar, 15 Sep
Pay dates	15 May, 15 Nov
Dealing	Weekly forward, every Wednesday where this is a business day Plus the last business day of the month
Cut off	10am on Wednesday (where it is a business day) and the last business day of the month

	Accumulation	Income
ISIN	GB00B03JB001	GB00B03J9Y05
SEDOL	B03JB00	B03J9Y0

Investment adviser	Ruffer LLP
ACD	Link Fund Solutions Limited
Depository	The Bank of New York Mellon (International) Limited
Auditors	Ernst & Young LLP
Structure	Sub-fund of LF Ruffer Investment Funds (OEIC) UK domiciled UCITS Eligible for ISAs

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Fund Managers

Steve Russell

INVESTMENT DIRECTOR

Graduated from the University of Oxford in PPE and started work as an equity analyst at Confederation Life in 1987, progressing to Head of Equities.

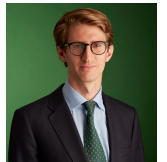


In 1999 he moved to HSBC Investment Bank as Head of UK and European Equity Strategy, before joining Ruffer in 2003. He is co-manager of two of Ruffer's flagship funds.

Matt Smith

INVESTMENT DIRECTOR

Joined Ruffer in 2011 after graduating from the University of Edinburgh with a first class honours degree in history and German. He spent 2015 seconded to Ruffer's Hong Kong office as an equity analyst, and is a fellow of the CISI. He co-manages two of Ruffer's flagship funds.



Alexander Chartres

INVESTMENT DIRECTOR

Joined Ruffer in 2010 after graduating from Newcastle University with a first class honours degree in history and politics. He is a member of the CISI and co-manages two of Ruffer's flagship funds.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 30 April 2023, assets managed by the Ruffer Group exceeded £26.0bn.

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